

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 870 - HB 1435

March 10, 2009

SUMMARY OF BILL: Extends the prohibition on new nursing home beds, except for 125 Medicare skilled nursing facility beds, to June 30, 2011.

ESTIMATED FISCAL IMPACT:

**Forgone State Revenue - \$222,500/FY09-10/Nursing Home Bed Tax
\$222,500/FY10-11/Nursing Home Bed Tax**

**State Expenditures – Cost Avoidance – \$1,349,900/FY09-10
\$1,349,900/FY10-11**

**Federal Expenditures – Cost Avoidance – \$3,869,600/FY09-10
\$3,869,600/FY10-11**

Assumptions:

- Current law limits the number of new nursing home beds for which certificates of need may be issued by the Health Services Development Agency during FY07-08 and FY08-09 to a total of 125 to all applicants. This will extend the limitation for two additional fiscal years.
- The Bureau of TennCare estimates potential bed growth of 100 beds for Medicaid eligible individuals if the provisions of the bill are not enacted.
- The state will forgo any increased revenue from the nursing home bed tax of \$2,225 per bed resulting in a total of \$222,500 (\$2,225 x 100 beds) in forgone revenue each fiscal year.
- The TennCare daily reimbursement rate for FY08-09 is \$143. TennCare will avoid an increase in expenditures estimated to be \$5,219,500 (100 beds x \$143 x 365 days).
- Of the \$5,219,500, \$1,349,867 would be state funds at a rate of 25.862 percent and \$3,869,633 would be federal funds at a match rate of 74.138 percent.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director

/kml